



DEALER/WHOLESALE APPLICATION INFORMATION

MOTOR VEHICLE DEALER BOARD

The Motor Vehicle Dealer Board has the authority to approve or deny any application for a dealer or wholesaler license based on the licensing fitness of the applicant. To determine licensing fitness of an applicant, all required forms must be completed and submitted to the Auto Industry Division (AID) along with the fee.

Each application must be complete. The owner, partner, corporate officer, or LLC manager of the dealership must sign each application.

A motor vehicle **dealer or wholesaler license may be denied or suspended if a material misstatement is made in an application for a license.** A "Material Misstatement" means any false or misleading statement, omission, or misrepresentation by the applicant or any partner, officer, director, or shareholder regarding personal identification information, employment history, prior occupational licensing history, personal or business financial information, criminal background and history including arrests, filings, convictions, judgements, decrees and stipulations.

It will take approximately **two to four weeks to complete the review and to determine licensing fitness.** Licensing history, financial fitness, and criminal history are criteria used to evaluate the fitness of applicants.

If the application does not meet the criteria, it is sent to the Board for consideration at its next Board meeting which is usually held the second Thursday of each month.

The DBA or trade name (question 2 on the application, DR2109) is the dealer or wholesaler licensed name. All business must be conducted, including advertising, MCOs, titles, and signage in the licensed name.

APPLICATION PACKET

The application packet includes applications and information for use in becoming a licensed dealer:

- DR2109 "License Application"
- DR2109-B "Addendum to License Application"
- DR2114 "Statement of Financial Condition"
- DR2044 "Place of Business Affidavit"
- DR2640 "Dealer/Wholesaler Plate Affidavit"
- CR0100 "Colorado Business Registration"
- FYI General 14 "Opening a Business in Colorado"
- Affidavit (DR4697) Proof of Lawful Presence
- Final Dealer/Wholesaler Application Checklist
- Mastery Exam Packet (if currently unlicensed)

DEALER / WHOLESALE LICENSE FEE

The Motor Vehicle Dealer Board sets the license fees which are subject to change on July 1 of each year. The license fee must be submitted with the application. A license is valid for 12 months following the month of issuance. See current year license fee schedule.

ADDENDUM

The "License Application Addendum," form DR2109-B, must be completed to provide the Dealer Board with information to assist with their determination of license fitness.

OWNERSHIP

If the applicant is applying as a partnership, including husband and wife partnerships, the applicant must provide a copy of the partnership agreement.

If the applicant is a corporation or limited liability company (LLC), one copy of each document listed below must be submitted:

- Articles of Incorporation or Organization with the Secretary of State's annotation "Filed Copy" plus ID Number.
- Secretary of State's Certificate of Incorporation/ Certificate of Authority for foreign corporation.
- Secretary of State Certificate of Assumed or Trade Name, if DBA is different than corporate or company names.

FRANCHISE AGREEMENT

If the applicant is applying for a franchise dealer license, one copy of each franchise agreement letter from the manufacturer must be submitted before the application can be approved.

COURT RECORDS

If the applicant has ever been arrested, charged with, convicted of or plead no contest to any felony or misdemeanor crime in the past ten years, excluding traffic violations, full details **must** be provided including type of crime, date, place of conviction, sentence received, etc. Supporting documents **must** be included with the application.

To secure the court documents, the applicant should follow these steps:

- 1) Identify the county where the charges were filed; i.e. if the arresting agency was Lakewood P.D., then the court would be Jefferson County. Do not expect to get Jefferson County records from Arapahoe County.
- 2) Request records in person and expect a fee to be charged.
- 3) Records are kept with each court's clerk; i.e. District Court Clerk vs. County Court Clerk. The applicant may have to contact more than one clerk's office to obtain all of the records.
- 4) Complete the record request card (slip) at the clerk's counter. The clerk will locate the court file and the applicant must locate the court's findings from within the file. Some courts may provide a computer printout.
- 5) Be prepared to make copies of the documents themselves and have change to feed the copier.

Denial is mandated by statute when an applicant for a license has been convicted of or pled no contest to any of the following offenses in Colorado or any other jurisdiction during the past ten years: 1) A felony in violation of Article 3, 4 or 5 of Title 18 C.R.S. or any similar crime in another jurisdiction. 2) Any crime involving odometer, salvage, motor vehicle title fraud or the defrauding of a retail consumer in a motor vehicle sale or lease transaction.

Title 18, Article 3 covers crimes against persons such as murder, assault, kidnapping, sexual assault, custody violation, menacing weapon, vehicular homicide, manslaughter, criminal extortion and enticing a child.

Article 4 covers crimes against property including arson, theft, burglary, robbery, criminal mischief over \$400, criminal trespass in the 1st degree and unlawful transfer for sale (copyright infringement).

Fraud is covered by Article 5 including forgery, criminal possession of a forged instrument or forging instrument, criminal impersonation, fraud by check (over \$500), commercial bribery, bribery in sports and equity skimming.

STATEMENT OF FINANCIAL CONDITION

The applicant is required to submit a current financial statement and supporting documents showing accurate information regarding the assets, liabilities and net worth. Form DR2114 "Statement of Financial Condition," should be used because this signed statement allows the Dealer Board to obtain a copy of a credit report. If the applicant uses another type of financial statement, a written authorization to obtain a credit report must be attached.

If the applicant is a partnership, a financial statement for each partner must be provided. A husband and wife may submit a single joint statement.

If the applicant is a corporation, a financial statement for the corporation is required. Plus, a financial statement for each owner is required.

If the applicant is an LLC, a financial statement for the LLC is required. Plus, a financial statement for each member is required.

If the corporation or LLC is not yet active, a signed pro forma statement reflecting anticipated assets and liabilities as of the first day of business may be submitted. Financial statements for each owner, stockholder or member are still required. The applicant may not mix personal and business assets and liabilities.

If the applicant has any bankruptcies, foreclosures, judgments, liens, charge-offs, repossessions or collection accounts that may appear on a credit record, a written explanation must be attached to the financial statement. Failure to do so will delay processing and/or may result in denial of a license.

A net worth of at least \$50,000 is required. At least one owner or the corp/LLC must have the net worth.

CREDIT BUREAU REPORTS

AID will obtain a credit bureau report from Experian. This report is an indicator of the applicant's financial fitness, similar to financial statements. Derogatory information on the credit report may result in a rejection of the application. If there is derogatory information, the applicant must explain and/or resolve the action. An applicant should obtain their own credit report and resolve any disputes prior to submitting the application.

A credit score of 600 or above is required.

SURETY BOND REQUIREMENTS

Colorado requires a \$50,000 surety bond. The bond form used must be approved by the Attorney General's Office; most Colorado bonding companies have the proper form. The bond must be valid for the same 12 months as the license, be cumulative and may be continued from year to year.

The full legal name and DBA of the applicant must appear on the "principal" line of the bond as shown:

Individual:

John T. Smith, DBA Smith Motors

Partnership:

John T. Smith and Joe I. Jones, DBA Nice Cars

Corporation:

ABC Car Sales, Inc.

or: ABC Car Sales, Inc.,

DBA XYZ Car Sales

(if operating under an assumed name).

Limited Liability Company:

ABC Car Sales, LLC

or: ABC Car Sales, LLC.,

DBA XYZ Car Sales, LLC

(if operating under an assumed name).

The bond must be an original bond and signed and submitted before a license will be issued.

PLACE OF BUSINESS AFFIDAVIT

A dealer applicant must complete all appropriate sections of the form and submit location photos.

Two photos are required showing a full view of the lot and sign from across the street and a close up of the office building and sign.

A wholesaler applicant must complete the wholesaler section but is not required to submit photos.

The place of business affidavit must be submitted before a license will be issued.

LICENSE LAW EXAM

Applicants who are currently licensed as dealers, wholesalers or salespersons are not required to retake the license law exam.

An applicant, that is not currently licensed to sell motor vehicles, must take and pass the license law exam. The "Mastery Exam" must be submitted to the AID which will grade the test and contact the applicant if any questions are answered wrong. The applicant will have the opportunity to correct wrong answers and achieve a 100% score.

PRELICENSING EDUCATION PROGRAM

As of August 5, 2008, the Auto Industry Division will no longer conduct License Law Seminars.

On August 5, 2008, Colorado Senate Bill 08-151 (SB 08-151) took effect to establish a new educational requirement in connection with specific types of licenses for which a person submits an application on or after September 4, 2008.

See the AID website for more information:

www.colorado.gov/revenue/enforcement

COLORADO SALES TAX LICENSE

A Colorado Sales Tax License is required. If the applicant does not have a sales tax license, a CR0100 "Colorado Business Registration" form must be completed and submitted to any Taxpayer Service Center listed on the backside of form CR0100. A copy of the sales tax application with the Department of Revenue's "Received" stamp or a copy of the Colorado sales tax license must be submitted to the AID before the license will be issued.

Complete and mail to: Department of Revenue, AID, Denver CO 80261-0016
or FAX to AID at (303) 205-5977 or access the AID website: www.colorado.gov/revenue/enforcement

DEALER PACKET REQUEST

Company or Individual Name

Attention

Address

City

State

Zip

SMALL UTILITY TRAILER

When a new or used dealer applicant will be selling only small utility trailers that weigh less than 2,000 pounds, a "Small Trailer Dealer Affidavit" (form DR2644) must be completed and included with the application packet. The dealer bond requirement is \$5000. The dealer cannot sell or offer for sale any other types of motor vehicles including trailers weighing 2,000 pounds or more, cars, trucks or motorcycles.

NEW BUSINESS START-UP

The Department of Revenue's Taxpayer Service Division is located at 1375 Sherman Street, Denver. This office provides assistance and information in a number of areas including trade name registration, sales tax licenses and employee withholding tax. Additional information

regarding starting a new business is available on FYI General 14 "Opening a Business in Colorado".

SUBMITTING THE APPLICATION PACKET

The application packet may be delivered in person to the Auto Industry Division, 1881 Pierce Street in Lakewood, or mailed to the Department of Revenue, Auto Industry Division, Denver CO 80261-0016.

ADDITIONAL INFORMATION

For additional information contact AID at (303) 205-5604. The AID homepage has information available for consumers and dealers:

www.colorado.gov/revenue/enforcement

Walk-in assistance is available at the Department of Revenue, 1881 Pierce Street, Lakewood.